

## **Preliminary Report**

**CONPET S.A.**

**January– December 2022**



## CONTENTS

<b>1. COMPANY PRESENTATION</b>	<b>3</b>
<i>1.1 Report and issuer identification data</i>	<b>3</b>
<i>1.2 Main activities</i>	<b>4</b>
<i>1.3 The company's mission, vision and values</i>	<b>4</b>
<i>1.4 Shareholding</i>	<b>4</b>
<b>2. CONPET - EXECUTIVE SUMMARY - PRELIMINARY DATA</b>	<b>5</b>
<i>2.1 Company's Stock Market Indicators</i>	<b>5</b>
<i>2.2. Financial Result Key Indicators</i>	<b>5</b>
<i>2.3 Operating Activity Indicators</i>	<b>6</b>
<b>3. ANALYSIS OF THE FINANCIAL STATEMENT</b>	<b>9</b>
<i>3.1 Statement of the Financial Standing on December 31<sup>st</sup>, 2022</i>	<b>9</b>
<i>3.2 Profit &amp; Loss Account for the period January - December 2022</i>	<b>10</b>
<i>3.3. Cash-flow</i>	<b>13</b>
<b>4. INVESTMENTS</b>	<b>13</b>
<b>5. OTHER ASPECTS</b>	<b>15</b>
<i>5.1 The activity of tracking and recording procurement contracts</i>	<b>15</b>
<i>5.2 The Board of Directors</i>	<b>15</b>
<i>5.3 The Executive Management</i>	<b>16</b>
<b>5.4. RELEVANT CORPORATE EVENTS IN 2022</b>	<b>18</b>

## 1. COMPANY PRESENTATION

### 1.1 Report and issuer identification data

Preliminary Report prepared in compliance with	Law no. 24/2017, republished and ASF Regulation no. 5/2018 regarding the issuers of financial instruments and market operations
Date of the report	27.02.2023
Company's name	CONPET S.A.
Registered Offices	No. 1-3 Anul 1848 Street, Ploiesti, Prahova County, Zip Code 100559,
Telephone/facsimile number	0244 401360/0244 516451
E-mail/Internet	<a href="mailto:conpet@conpet.ro">conpet@conpet.ro</a> / <a href="http://www.conpet.ro">www.conpet.ro</a>
Trade Identification Number at the Trade Register Office	1350020
Trade Registry Number	J29/6/22.01.1991
The regulated market trading the issued securities	Bucharest Stock Exchange, Premium category
Subscribed and entirely paid-up share capital	28,569,842.40 RON
Main features of the issued securities	8,657,528 shares with a nominal value of 3.3 RON/share
Total market value	586,980,398 RON (67.80 RON/share at 31.12.2022)
Applied accounting standard	The International Financial Reporting Standards
Auditing	The preliminary Financial Statements prepared on 31.12.2022 have not been audited

## 1.2 Main activities

CONPET is a strategic company, part of the architecture of the national energy system, being the operator of the crude oil national transport system via pipelines.

Since 2002, CONPET is the concessionaire of the operation of the crude oil, rich gas, condensate and ethane National Transport System, based on the oil Concession Agreement concluded with the National Agency for Mineral Resources, approved pursuant to GD no. 793/25.07.2002.

The Crude Oil, Rich Gas, Condensate and Ethane National Transport System (NTS) is being defined and regulated by Law no. 238/07.06.2004 - Petroleum Law and the Methodological Norms for the enforcement of the Petroleum Law approved under GD no. 2075/2004 and is part of the state's public property, being of strategic importance.

CONPET is a State-owned company, listed at the Bucharest Stock Exchange, under COTE symbol.

## 1.3 The company's mission, vision and values

**CONPET mission** is the operation of the National Transport System via Pipelines under safe and secure conditions, easing free access to the system's available throughput to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis, as well as accessing the related markets corresponding to the segments of the value chain of the oil industry.

**CONPET vision** targets the strengthening of its position of strategic player in the Romanian oil industry, acting as crude oil, rich gas, condensate and ethane transporter via pipelines and by rail.

**The company's Values:** professionalism, effectiveness and performance, social awareness and respect for the environment, ongoing training, adaptability and qualitative increase.

## 1.4 Shareholding

The synthetic structure of the Shareholders, on reference date 31.12.2022, is as follows:

- 58.7162% - the Romanian State by the Ministry of Energy;
- 41.2838% - Other shareholders natural or legal persons.

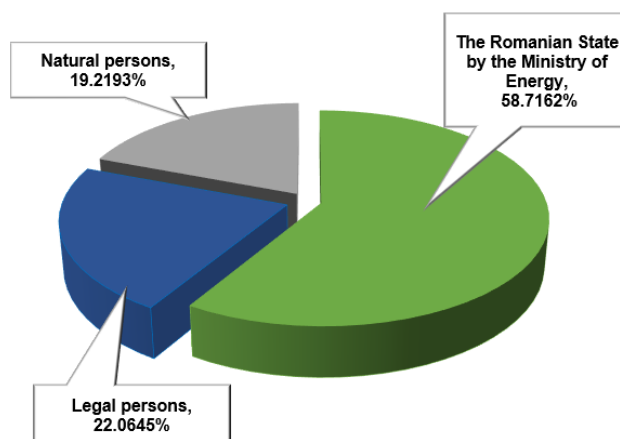


Chart 1 - CONPET S.A. Shareholding Structure on 31.12.2022

The number of CONPET S.A. Shareholders registered at Depozitarul Central S.A. at the end of 2022 is 15,408, 11.9% higher than the end of 2021 (13,774 shareholders).

The share capital of CONPET on December 31, 2022 is 28,569,842.40 RON and is divided into 8,657,528 nominative shares, each share with a nominal value of 3.3 RON/share.

CONPET did not perform transactions having as scope its own shares and, consequently, the company did not hold own shares.

## 2. CONPET - EXECUTIVE SUMMARY - PRELIMINARY DATA

### 2.1 Company's Stock Market Indicators

The market capitalization amounted to 586.98 million RON (67.80 RON/share) on 31.12.2022, respectively 683.94 million RON (79.00 RON/share) on 31.12.2021.

The evolution of COTE share and market capitalization during 2019 - 2021 is as follows:

Indicators	MU	31.12.2020	31.12.2021	31.12.2022
COTE closing price	RON/share	76.20	79.00	67.80
Market capitalization	Million RON	659.70	683.94	586.98
	million Euro	135.48	138.21	118.64

Table 1 - Evolution of COTE share and stock capitalization during 2020-2022

Currently, the company CONPET S.A. is included in 7 out of the total of 9 stock indices of the Bucharest Stock Exchange, namely BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG and BET Plus indices.

### 2.2. Financial Result Key Indicators

The key indicators of the preliminary financial results registered in 2022, as compared to the budget and the previous year results, are the followings:

2022		Variation Achieved/Budget	Indicators	Achieved		Variation Achieved 2022/2021
Achieved	Budget			2022	2021	
472,233	471,547	▲ 0.2%	Turnover (thousand RON)	472,233	412,787	▲ 14.4%
522,439	521,078	▲ 0.3%	Operating Revenues (thousand RON)	522,439	458,386	▲ 14.0%
455,782	472,223	▼ 3.5%	Operating Expenses (thousand RON)	455,782	400,649	▲ 13.8%
66,657	48,855	▲ 36.4%	Operating Profit (thousand RON)	66,657	57,737	▲ 15.4%
12.8%	9.4%	▲ 3.4 p.p.	Operating profit margin (%) (Operating profit/ operating revenue)	12.8%	12.6%	▲ 0.2p.p.
120,117	104,304	▲ 15.2%	EBITDA (thousand RON)	120,117	109,676	▲ 9.5%

2022		Variation Achieved/Budget	Indicators	Achieved		Variation Achieved 2022/2021
Achieved	Budget			2022	2021	
96.5%	100.1%	▼ 3.6 p.p.	Operating Expenses /Turnover (%)	96.5%	97.1%	▼ 0.6 p.p.
532,277	528,688	▲ 0.7%	Total Revenues (thousand RON)	532,277	461,814	▲ 15.3%
456,251	472,688	▼ 3.5%	Total Expenses (thousand RON)	456,251	400,979	▲ 13.8%
76,026	56,000	▲ 35.8%	Gross profit (thousand RON)	76,026	60,835	▲ 25.0%
64,709	47,684	▲ 35.7%	Net profit (thousand RON)	64,709	51,929	▲ 24.6%
1,467	1,501	▼ 2.3%	Average number of employees (pers.)	1,467	1,511	▼ 2.9%
356	347	▲ 2.6%	Productivity (thousand RON/employee)	356	303	▲ 17.5%

Table 2 - 2022 economic-financial results vs. BUDGET 2022 and 2021

In 2022, the turnover recorded an increase by 14.4% as compared to the level achieved in 2021. As compared to the budget, it has been registered an increase by 0.2% (686 kRON).

The operating profit of 66,657 kRON (as compared to 48,855 kRON budgeted amount) increased by 36.4%.

Compared to 2021, the operating profit increased by 15.4% (8,920 kRON).

The net profit related to 2022 is of 64,709 thousand RON, 35.7% higher than the budget. Compared to 2021, the net profit increased by 24.6% (12,780 kRON).

## 2.3 Operating Activity Indicators

### *Transported quantities*

The evolution of the quantities transported through the National Transport System (NTS) and by rail, compared to the budget and the previous year, on the two transport subsystems, is as follows:

2022		Variation Achieved/Budget	Indicators (thousand tons)	Achieved		Variation Achieved 2022/2021
Achieved	Budget			2022	2021	
3,062	3,067	▼ 0.2%	Transported quantities on domestic subsystem	3,062	3,241	▼ 5.5%
4,038	4,039	▼ 0.02%	Quantities transported on the import subsystem	4,038	3,410	▲ 18.4%
<b>7,100</b>	<b>7,106</b>	<b>▼ 0.1%</b>	<b>Total transported quantities</b>	<b>7,100</b>	<b>6,651</b>	<b>▲ 6.8%</b>

Table 3 - Evolution of the quantity of crude oil, condensate and rich gas transported in 2022 vs. BUDGET 2022 and year 2021

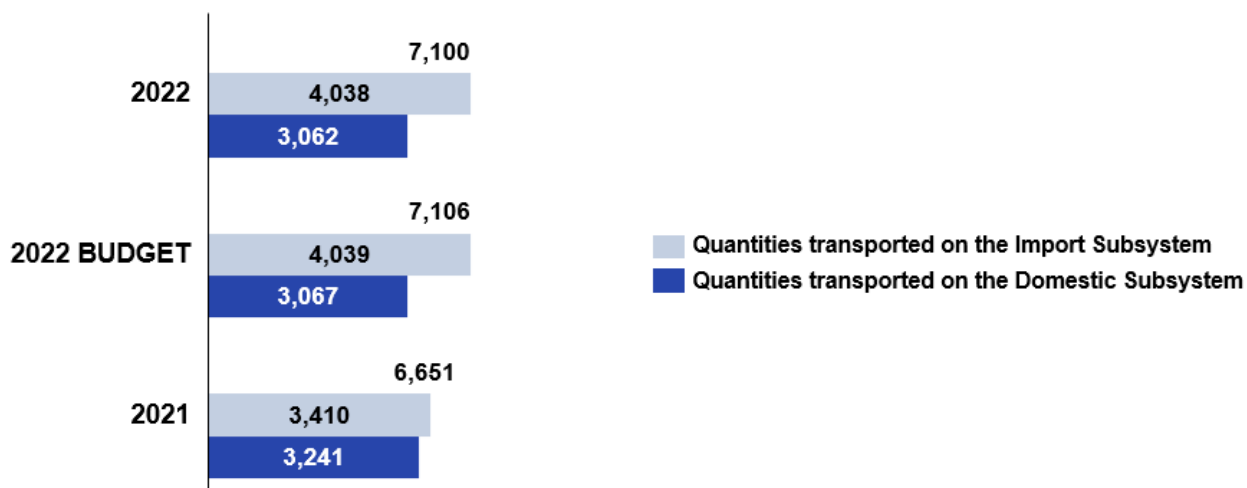


Chart 2 - Evolution of the quantities transported on the domestic and import subsystems in 2022 vs Budget 2022 and 2021

Of the total quantity of crude oil, condensate and rich gas from domestic production (3,062 thousand tons transported and delivered), 1,047 thousand tons (34.2%) were transported by rail.

**Technological consumptions**

The technological consumptions recorded during transport are within the allowable limits, provided in the transport contracts.

The evolution of the standardized technological consumption by products as compared to the levels recorded in 2022 and 2021, is the following:

Products	2022			2021		
	Standardized	Achieved	Variation	Standardized	Achieved	Variation
Import crude oil	0.244%	0.171%	-0.07 p.p.	0.239%	0.168%	-0.07 p.p.
Domestic crude oil, condensate and light condensate	0.368%	0.361%	-0.01 p.p.	0.366%	0.348%	-0.02 p.p.
Rich gas	7.383%	3.367%	-4.02 p.p.	7.383%	3.359%	-4.02 p.p.

Table 4 - The evolution of the technological standardized consumption as compared to achieved 2022 vs. 2021

The revenues achieved in 2022 from the supply of transport services increased by 14.5% as compared to 2021, amounting to 469.9 million RON, with the following share per clients:

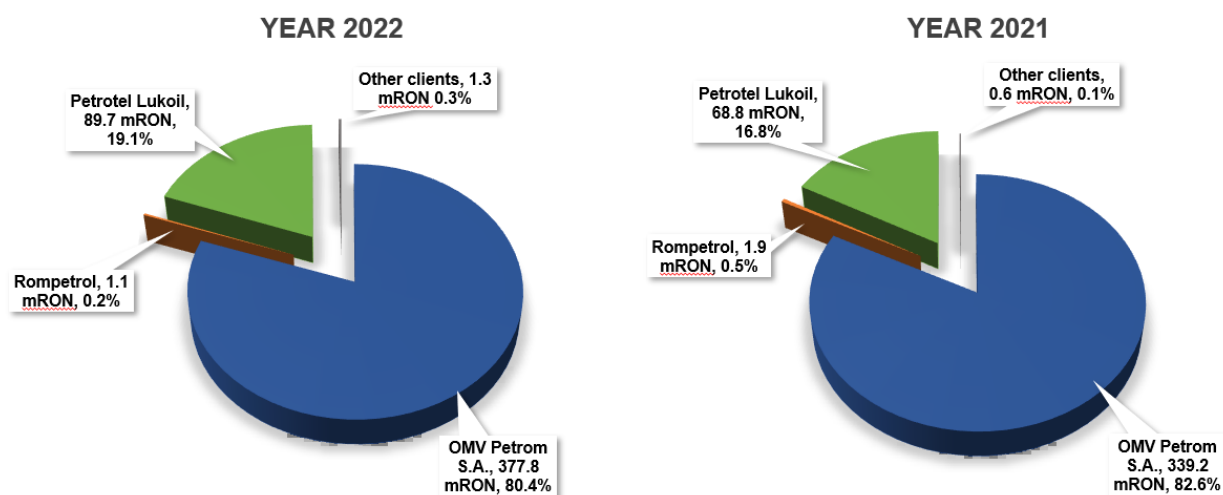


Chart 3 - Share of the transport revenues per refineries in total transport revenues in 2022 and 2021

The company holds a monopoly position on the transport via pipelines market, not having competitors in its main area.

The transport services are being contracted with the clients, based on a frame contract annually approved by the National Agency for Mineral Resources.

The transport services supplied by CONPET S.A. are addressed to a reduced number of clients; consequently, the crude oil volumes transported are closely related to the trade policy applied by the latter.

**Transport Tariffs**

The tariffs for the supply of crude oil, rich gas, condensate and ethane are regulated and approved by the NAMR and are distinguished for each transport subsystem.

The tariffs applied for the import transport subsystem vary according to the hand-over site (refinery) and the batches of transported quantities, being practiced the bracketing tariff model on each refinery.

Between 2021 -2022, the following tariffs were applied:

➤ Tariffs from transport services on the Domestic Subsystem

Period	M.U.	Transport Tariffs	Approved by NAMR Order no.
December 31, 2019 - February 7, 2021	RON/ton	87.53	427/2019
February 8, 2021 - December 31, 2021	RON/ton	91.03	19/2021
January 1, 2022 - December 31, 2022	RON/ton	105.5	229/2021

Table 5– Tariffs from transport services on the Domestic Subsystem

➤ Tariffs for the transport services on the Import Subsystem

Period	Batches	Arpechim Refinery	Ploiesti Basin *)	Petromidia Refinery	Approved by NAMR Order no.
	thousand tons/month	RON/ton	RON/ton	RON/ton	
December 31, 2019 - February 7, 2021	<120	40.40	39.50	15.00	427/2019
	> 120	17.25	17.00	12.85	



Period	Batches	Arpechim Refinery	Ploiesti Basin *)	Petromidia Refinery	Approved by NAMR Order no.
	thousand tons/month	RON/ton	RON/ton	RON/ton	
February 8, 2021 - December 31, 2021	<120	42.00	40.90	16.50	19/2021
	> 120	17.90	17.60	14.40	
January 1, 2022 - January 31, 2022	<80	46.65	45.66	18.51	229/2021
	80 - 120	37.32	36.53	14.81	
	120 - 160	27.99	27.39	11.11	
	> 160	21.00	20.55	8.33	

\*) Petrobrazi Refinery and Petrotel Lukoil Refinery

Table 6– Tariffs from transport services on the Import Subsystem

The transport tariffs include a modernization quota meant exclusively for the financing of the investments related to the National Transport System.

### 3. ANALYSIS OF THE FINANCIAL STATEMENT

The financial information presented in this report are taken from preliminary financial statements for the period ended December 31<sup>st</sup>, 2022, prepared in accordance with OMFP Order no. 2844/2016, unaudited. (Annexes 1 and 2)

#### 3.1 Statement of the Financial Standing on December 31<sup>st</sup>, 2022

In summary, the statement of the Financial Standing on December 31<sup>st</sup>, 2022 is as follows:

Name of the Item (Thousand RON)	December 31, 2022 (unaudited)	December 31, 2021 (audited)	Variation 2022/2021
Intangible assets	621,818	524,813	▲ 18.5%
Current assets	184,919	246,609	▼ 25.0%
<b>Total Assets</b>	<b>806,737</b>	<b>771,422</b>	<b>▲ 4.6%</b>
Equities	687,140	667,909	▲ 2.9%
Total liabilities	119,597	103,513	▲ 15.5%
<b>Total equities and liabilities</b>	<b>806,737</b>	<b>771,422</b>	<b>▲ 4.6%</b>

Table 7 - Summary of the company's financial standing on 31.12.2022 vs. 31.12.2021

Statement of preliminary financial position on December 31<sup>st</sup>, 2022, in extended version is presented in Annex no.1.

**The total assets** of the company register an increase of 4.6% (35,315 thousand RON) compared to December 31, 2021, mainly due to the increase in fixed assets.

**The fixed assets** recorded an increase of 18.5% as compared to December 31<sup>st</sup>, 2021, mainly generated by the input of fixed assets based on acquisition in a value higher than the amortization registered in 2022.

The fixed assets inputs are investments made for the development and modernization of the National Transport System and for ensuring the provision of secure transport operations.

**The current assets** decreased by 61,690 thousand RON, from 246,609 thousand RON on 31.12.2021 to 184,919 thousand RON on 31.12.2022.

In structure, the evolution of the main elements is different, the receivables recording an increase by 0.6% (275 thousand Ron) while the cash availabilities are decreasing by 33.4% (64,079 thousand RON). The cash availabilities decreased due to the increase of the investments in terms of volume.

The cash from the modernization quota existing in bank accounts on 31.12.2022 was of 48,584 thousand RON, 75,526 thousand RON lower than 31.12.2021 (124,110 thousand RON). The cash representing the modernization quota has a special use regime, provided by GD no. 168/1998, this being meant exclusively to the financing of the modernization and development works related to the goods belonging to the public domain.

**The equities** recorded an increase by 2.9% (19,231 thousand RON) as compared to December 31, 2021, reaching 687,140 thousand RON, this being mainly determined by the increase of the modernization quota reserves.

**The long-term liabilities** record an increase of 559 thousand RON as compared to December 31, 2021.

**The current liabilities**, in amount of 97,664 thousand RON are increasing by 15,526 thousand RON as compared to December 31, 2021.

### 3.2 Profit & Loss Account for the period January - December 2022

The preliminary financial results for 2022, as compared to the budget and the achievements of the previous year, are as follows:

2022		Variation Achieved/ Budget	Indicators (thousand RON)	Achieved		Variation Achieved 2022/2021
Achieved	Budget			2022	2021	
472,233	471,547	▲ 0.2%	Turnover	472,233	412,787	▲ 14.4%
522,439	521,078	▲ 0.3%	Operating Revenues	522,439	458,386	▲ 14.0%
455,782	472,223	▼ 3.5%	Operating Expenses	455,782	400,649	▲ 13.8%
<b>66,657</b>	<b>48,855</b>	<b>▲ 36.4%</b>	<b>Operating Profit</b>	<b>66,657</b>	<b>57,737</b>	<b>▲ 15.4%</b>
9,838	7,610	▲ 29.3%	Financial Revenues	9,838	3,428	▲ 187.0%
469	465	▲ 0.9%	Financial Expenses	469	330	▲ 42.1%
<b>9,369</b>	<b>7,145</b>	<b>▲ 31.1%</b>	<b>Financial profit</b>	<b>9,369</b>	<b>3,098</b>	<b>▲ 202.4%</b>
532,277	528,688	▲ 0.7%	Total revenues	532,277	461,814	▲ 15.3%
456,251	472,688	▼ 3.5%	Total expenses	456,251	400,979	▲ 13.8%
<b>76,026</b>	<b>56,000</b>	<b>▲ 35.8%</b>	<b>Gross Profit</b>	<b>76,026</b>	<b>60,835</b>	<b>▲ 25.0%</b>
<b>64,709</b>	<b>47,684</b>	<b>▲ 35.7%</b>	<b>Net Profit</b>	<b>64,709</b>	<b>51,929</b>	<b>▲ 24.6%</b>

Table 8 - The main economic-financial Indicators achieved in 2022, as compared to Budget 2022 and the year 2021

The preliminary statement of the global result for the year ended December 31<sup>st</sup>, 2022 is set out in detail in Annex no. 2.

#### Operating Revenues

As compared to the approved budget and with the same period of the previous year, the total revenues of the operating activity achieved in 2022, is as follows:

2022		Variation Achieved/ Budget	Indicators (thousand RON)	Achieved		Variation Achieved 2022/2021
Achieved	Budget			2022	2021	
469,857	469,308	▲ 0.1%	Total revenues from transport services	469,857	410,477	▲ 14.5%
2,376	2,239	▲ 6.1%	Other Turnover Revenues	2,376	2,310	▲ 2.9%
<b>472,233</b>	<b>471,547</b>	<b>▲ 0.2%</b>	<b>Turnover</b>	<b>472,233</b>	<b>412,787</b>	<b>▲ 14.4%</b>
39,914	41,338	▼ 3.4%	Write-back to revenues of reserve established based on the expenses with the modernization quota	39,914	37,680	▲ 5.9%
10,292	8,193	▲ 25.6%	Other revenues	10,292	7,919	▲ 30.0%
<b>50,206</b>	<b>49,531</b>	<b>▲ 1.4%</b>	<b>Other operating revenues</b>	<b>50,206</b>	<b>45,599</b>	<b>10.1%</b>
<b>522,439</b>	<b>521,078</b>	<b>▲ 0.3%</b>	<b>Total Operating Revenues</b>	<b>522,439</b>	<b>458,386</b>	<b>▲ 14.0%</b>

Table 9 - Operating income statement year 2022 compared to Budget 2022 and the year 2021

**Transport revenues**

The statement of transport revenues in 2022 compared to the budget and previous year, by transport subsystems, is shown below:

2022		Variation Achieved /Budget	Indicators (thousand RON)	Achieved		Variation Achieved 2022/2021
Achieved	Budget			2022	2021	
324,770	325,250	▼ 0.1%	Revenues on domestic transport subsystem	324,770	296,280	▲ 9.6%
145,087	144,058	▲ 0.7%	Revenues on the import transport subsystem	145,087	114,197	▲ 27.1%
<b>469,857</b>	<b>469,308</b>	<b>▲ 0.1%</b>	<b>Total transport revenues</b>	<b>469,857</b>	<b>410,477</b>	<b>▲ 14.5%</b>

Table 10 - Evolution of the revenues from transport in 2022 vs. BUDGET 2022 and 2021

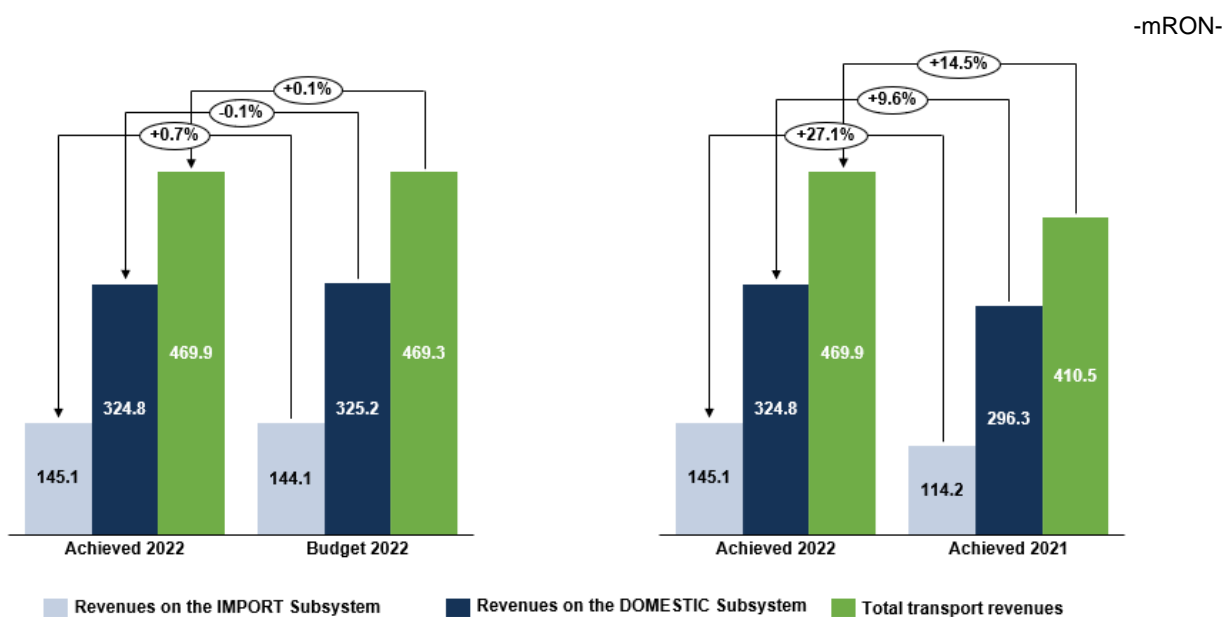


Chart 4 - The evolution of the revenues achieved from the transport by subsystems 2022 vs 2022 Budget and achieved 2021

The transport revenues hold a share of 99.5% in turnover, the difference of 0.5% (2,376 thousand RON) representing revenues from other activities: leases of lands and telecommunication

equipment, rail shunting, etc.

The company recognizes monthly, in the operating revenues, reserves from the modernization quota at the level of the amortization of the tangible assets financed therefrom. In 2022, the revenues from reserves – the modernization quota is in amount of 39,914 thousand RON.

### Operating Expenses

The operating expenses achieved in 2022, as compared to 2021 and the budget provisions is as follows:

2022		Variation Achieved/ Budget	Indicators (thousand RON)	Achieved		Variation Achieved 2022/2021
Achieved	Budget			2022	2021	
6,933	7,476	▼ 7.3%	<b>Material expenses, out of which:</b>	6,933	5,448	▲ 27.3%
3,629	3,902	▼ 7.0%	- expenses with consumables	3,629	2,982	▲ 21.7%
2,252	2,304	▼ 2.3%	- fuel expenses	2,252	1,569	▲ 43.5%
33,339	42,475	▼ 21.5%	<b>Other external expenses (with energy and water)</b>	33,339	16,553	▲ 101.4%
180,923	181,352	▼ 0.2%	<b>Personnel Expenses</b>	180,923	168,219	▲ 7.6%
53,460	55,449	▼ 3.6%	<b>Impairment on fixed assets, less impairments related to rights of use resulted from leasing contracts</b>	53,460	51,939	▲ 2.9%
1,986	2,043	▼ 2.8%	<b>Impairments related to rights of use resulting from leasing contracts</b>	1,986	1,673	▲ 18.7%
114,186	118,266	▼ 3.5%	<b>Expenses with external services, out of which:</b>	114,186	109,776	▲ 4.0%
2,789	3,465	▼ 19.5%	- maintenance (maintenance, current repairs):	2,789	2,317	▲ 20.4%
61,430	63,194	▼ 2.8%	- expenses with crude oil transport by rail	61,430	63,202	▼ 2.8%
1,939	2,213	▼ 12.4%	- expenses with decontamination works	1,939	1,474	▲ 31.5%
36,511	36,263	▲ 0.7%	- oil royalty	36,511	31,527	▲ 15.8%
11,517	13,131	▼ 12.3%	- other services performed by third parties	11,517	11,256	▲ 2.3%
2,671	2,840	▼ 6.0%	<b>Provisions and impairments of the current assets</b>	2,671	(3,866)	-
62,284	62,322	▼ 0.1%	<b>Other operating expenses, out of which:</b>	62,284	50,907	▲ 22.3%
57,321	57,191	▲ 0.2%	- modernization quota expenses	57,321	47,490	▲ 20.7%
455,782	472,223	▼ 3.5%	<b>Total operating expenses</b>	455,782	400,649	▲ 13.8%

Table 11 - Operating expenses 2022 vs. Budget 2022 and 2021

The operating expenses achieved in 2022, amounting to 455,782 thousand RON, record an increase of 13.8% as compared to those recorded in 2021, mainly due to increased personnel expenses, energy, gas and water expenses and expenses with the modernization quota.

In 2022 there were savings compared to the budgeted level for the following types of expenses: expenses on energy and water ((9,136 thousand RON), expenses on other services performed by third parties (1,614 thousand RON), maintenance expenses (676 thousand RON), decontamination expenses (274 thousand RON).

**The operating profit** achieved in 2022, of 66,657 thousand RON increased by 17,802 thousand RON (36.4%), as compared to the budgetary provisions, and compared to 2021 recorded an

increase by 8,920 thousand RON (15.4%).

The **financial profit** recorded in 2022 is 2,224 thousand RON higher than the budget. As compared to 2021, the financial profit recorded an increase of 6,271 thousand RON due to higher interest rates offered by banks for deposits.

The **net profit** amounting to 64,709 thousand RON, is by 17,025 thousand RON higher than budgeted and by 12,780 thousand RON over the level recorded in 2021.

### 3.3. Cash-flow

The cash flow statement (direct method) on 31.12.2022, is the following:

	Name of the item (thousand RON)	January-December 2022	January-December 2021
A	Net cash from operating activities	116,514	69,445
B	Net cash from investment activity	(114,514)	(15,624)
C	Net cash from financing activities	(66,079)	(60,327)
	<b>Net increase of the cash and cash equivalents=A+B+C=D2-D1</b>	<b>(64,079)</b>	<b>(6,506)</b>
D1	Cash and cash equivalents at the beginning of the year	191,751	198,257
D2	Cash and cash equivalents at the end of the year	127,672	191,751

Table 12 - Summary statement of cash flows in 2022 vs. 2021

The net cash and cash equivalent on December 31,2022 are lower by 33.4% (64.1 mRON) vs. December 31,2021, due to higher cash outputs related to the investment activity (increase in investments related to public domain, financed from the modernization quota).

The preliminary cash-flow statement is presented in detail in Annex no. 3.

## 4. INVESTMENTS

The investment program related to 2022 included works for rehabilitation of major transport pipelines and investment works for installations and related equipment to the Crude Oil National Transport System.

The investment projects target both enhancing efficiency of the transport activity as well as operation, under safe conditions, of the National Transport System. The annual investment program was carried out in proportion of 98% and 84,857 thousand RON higher than in 2021.

The comparative evolution of the achieved level of investments as compared to the programmed level for 2022 and 2021 by ownership of assets, is as follows:

2022		Degree of achievement	Investments (thousand RON)	2021		Degree of achievement
Program	Achieved			Program	Achieved	
152,000	148,393	97.6%	<b>Total investments, o/w:</b>	<b>96,000</b>	<b>63,536</b>	<b>66.2%</b>
140,000	136,568	97.6%	Public domain	69,000	45,596	66.1%
12,000	11,825	98.5%	Operating domain	27,000	17,940	66.4%

Table 13 - Investments achieved during 2022 and 2021

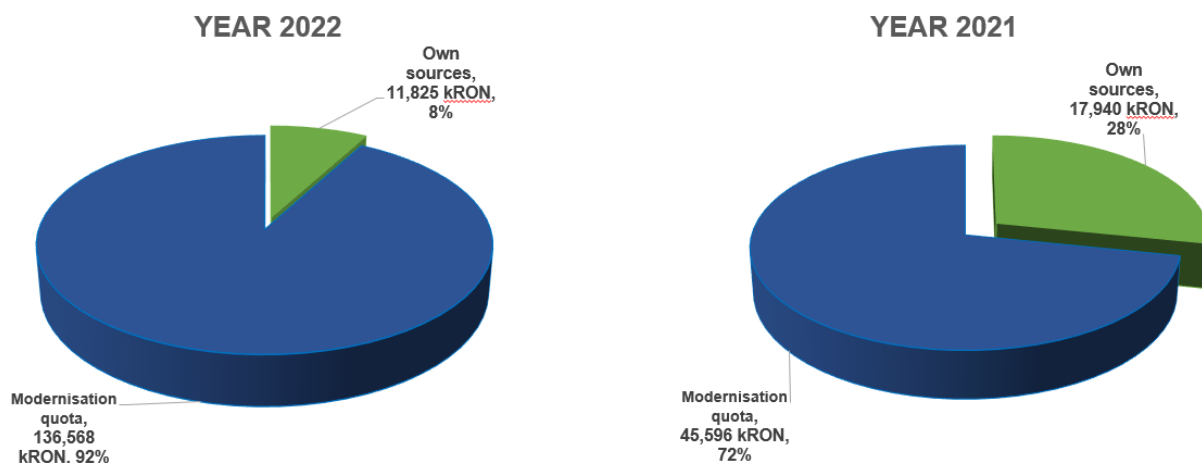


Chart 5 - Share of investments by financing sources in 2022 and 2021

In 2022 there were performed commissioning works amounting 60,089 thousand RON, out of which:

- 45,569 thousand RON out of the modernization quota;
- 14,520 thousand RON out of own sources;

The main objectives of investments completed and commissioned in 2022 are the following:

- Orlesti crude oil tank station
- The integration of 4 valves and 3 flame detectors in the fire detection and extinguishing system existing in Calareti pumping station
- Execution works for new tank construction for the crude oil storage, 2,500 cm, inside Biled loading ramp
- Upgrade Berca ramp
- Replacement of crude oil pipelines 10" F1 and F2 Siliște-Ploiești on a length of about 300 m, located in Aricesti Rahtivani, Prahova county (relocation of pipeline routes on the property of the company WOMA ECOSERV CONSTRUCT S.R.L., in total length of 747 m)
  - Modernization and monitoring of the cathodic protection system related to the NTS domestic and import - stage 2
  - Modernization parking shed Biled Ramp
  - Procurement of UPSs within 3-20 KVA power range
  - Replacement of 14" crude oil pipeline Constanța- Bărăganu, Cuza Vodă area, on a length of 550m
  - Upgrade Imeci ramp
  - Protection of crude oil transport pipelines Ø 12" și Ø 14" Cartojani, route located between the Rail lines Triaj Brazi and Ghighiului street, on a total length of 110 lm
  - Modernization of the technological pipeline connections Calareti
  - Modernization of the centralized monitoring system of crude oil and rich gas rail transport.
  - Replacement of pipeline section Constanța – Midia Ø 24", Năvodari area, approx. 1100 m, stage I - Replacement of Constanta - Midia Ø24" pipeline section, Năvodari area, with a length of 541m
  - Replacement of the Ø10¾" F2 Siliste-Ploiesti crude oil pipeline, in the Brazi Stadium area – inside Petrobrazi Refinery area, Prahova County, on a length of approximately 1,170 m and replacement of cleaning installation.

- Replacement of crude oil pipeline Ø10<sup>3</sup>/<sub>4</sub>" LASCĂR CATARGIU-INDEPENDENȚA, (inv. no. 122406P/118536), domestic crude oil, on the section Capăt RK LASCĂR CATARGIU (2011) – Independența irrigations major pipeline, Ø 10 <sup>3</sup>/<sub>4</sub>", approx 3.5 km in length
- Lifting installations
- Registry and document management application
- Support equipment for excavations
- Transformation of LDH 1250 HP 860-2 in LEA
- Pipe material transport semitrailer
- Portable density meters intended for measuring density inside the tank
- Dispatch building, Biled ramp
- Complete equipment of self-contained compressed air breathing apparatus
- Replacement of Ø 8<sup>5</sup>/<sub>8</sub>" crude oil pipeline NEW Vega-Brazi Refinery, in Petrobrazi Refinery-SKIDs keyboard area, Prahova County, on a length of approximately 800 m and replacement of cleaning installation.
- Implementation of servers, quick storage and VmWare
- Implementation of large capacity Storage Lent
- Acquisition of electric cars charging stations

## 5. OTHER ASPECTS

### 5.1 The activity of tracking and recording procurement contracts

According to the EGMS Resolution no.3/23.10.2014, in Annexes no. 4 and 5 are presented the works and products procurement contracts with values higher than 500,000 Euro and the services procurement contracts with values higher than 100,000 EURO, concluded between 01.01.2022 - 31.12.2022.

### 5.2 The Board of Directors

In 2022 CONPET SA has been administered by a Board of Directors (BoD), made up of 7 (seven) administrators elected by the Ordinary General Meeting of Shareholders. The Board of Directors is ruled by a Chairman. The Chairman is elected by the Board of Directors, from among its members.

The structure of the Board of Directors for the period **January 01, 2022 - August 21, 2022**, has been the following:

- Gheorghe Cristian Florin - Chairman
- Popa Claudiu Aurelian - member
- Albulescu Mihai Adrian - member
- Iacob Ciprian Constantin – member
- Gavrilă Florin Daniel – member
- Buică Marian Nicușor - member
- Kohalmi – Szabo Luminița - Doina - member

As the mandate of the directors ceased on August 21, 2022, on the meeting dated 18.08.2022, the General Meeting of Shareholders appointed 5 provisional members of the Board of Directors, with a term of office of maximum 4 months, starting with August 22, 2022 until December 21, 2022 (inclusive of) or until the completion of the recruitment and selection procedure provided for



in GEO no.109/2011 on the corporate governance of public enterprises, if it takes place earlier than 4 months after the appointment by the OGMS, with the possibility of extending the mandate by another 2 months.

By BoD Decision no. 17 dated 26.08.2022, the Board of Directors has appointed, on the remaining vacant seats following the OGMS Resolution no. 4/18.08.2022, two provisional administrators, respectively Mr. Gavrilă Florin – Daniel, and Mr. Zaman Andrei – Mihai, with a term of office starting 26.08.2022 until the meeting of the Ordinary General Meeting of Shareholders having on the agenda the appointment of provisional administrators, but not later than 21.12.2022 (inclusive of), i.e. the date of the end of the mandate of the Board of Directors appointed by OGMS Resolution no. 4/18.08.2022. The appointment of the provisional administrators by the Board of Directors was carried out in accordance with the provisions of Art. 137<sup>2</sup> Para (1) of Law no. 31/1990 on the companies, republished, subsequent amendments and completions and of Art. 19 Para. (4) of the Articles of Incorporation of CONPET S.A.

Subsequently, the Ordinary General Meeting of Shareholders convened on 28.10.2022 noticed the cessation on the date of the OGMS of the mandate of the provisional administrators appointed by BoD Decision no. 17/ 26.08.2022, and appointed Mr. Gavrilă Florin – Daniel and Mr. Zaman Andrei – Mihai as provisional administrators, with a term of office starting with 28.10.2022 and until 21.12.2022 (inclusive of), in accordance with the provisions of art. 64<sup>1</sup>, para. (5) of GEO no. 109/2011, or until the completion of the recruitment and selection procedure provided for in GEO no. 109/2011 *on the corporate governance of public enterprises*, with the possibility of extending the mandate by another 2 months. On December 22, 2022, were concluded Addenda to extend the mandate until 21.02.2023.

The members of the Board of Directors which hold mandate starting 21.02.2023 (inclusive of) are:

- Gheorghe Cristian Florin – chairman
- Albuлесcu Mihai Adrian – member
- Buică Marian Nicușor – member
- Kohalmi – Szabo – Luminita - Doina - member
- Tănăsică Oana - Cristina – member
- Gavrilă Florin Daniel – member
- Zaman Andrei – Mihai - member

Within the Board of Directors there are constituted the following consultative committees:

- ✓ The Nomination and Remuneration Committee is made out of 5 independent, non-executive administrators: Albuлесcu Mihai - Adrian – president; Buică Nicușor - Marian - member, Gheorghe Cristian - Florin - member, Kohalmi - Szabo Luminița - Doina - member and Gavrilă Florin - Daniel - member.
- ✓ The Audit Committee is made out of 3 non-executive, independent administrators: Gavrilă Florin - Daniel - president; Buică Nicușor - Marian - member and Zaman Andrei - Mihai - member.
- ✓ The Development and Investor Relations' Committee is made up of 3 non-executive independent administrators: Tănăsică Oana - Cristina - president, Albuлесcu Mihai - Adrian - member, Kohalmi - Szabo Luminița - Doina - member.

### 5.3 The Executive Management



During 01.01.2022 - 31.12.2022, the executive management had the following composition:

**Directors:**

Position:	Name and Surname	Observations
Director General	Eng. TUDORA Dorin	As per Art.1 of BoD Decision no. 8/20.04.2021, following the carrying out of the procedure for the recruitment and selection of the Director General, as per the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, appointment based on contract of mandate with a duration of 4 years, respectively as of 21.04.2021, until 20.04.2025 (inclusive of).
Deputy Director General	Jurist DUMITRACHE Mihaela – Anamaria	Contract of mandate of 4 years period 18.02.2019 - 17.02.2023, inclusive of.
Economic Director	Econ. TOADER Sanda	Contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, (inclusive of). On 28.10.2022, the Board of Directors appointed Mrs. Toader Sanda as Provisional Economic Director, for the period 07.11.2022 – 07.03.2023 (inclusive of), with the possibility of extension, for good reasons, up to a maximum of 6 months.
Deputy Director General 2	Jurist LUPEA Ioana Mădălina	As per Decision of Director General no. 338/04.06.2021, appointed in the position of Deputy Director General 2 starting with 15.06.2021, until the termination of the mandate contract of the DG no. 2/21.04.2021, but not later than 17.02.2024 (inclusive of).
Deputy Director General 3	Eng. NECȘULESCU Radu Florentin	As per Decision of the Director General no. 271/13.05.2022, starting with 16.05.2022, appointment on indefinite period.

**Heads of Units:**

Position:	Name and Surname
Head of Transport Operations Unit	Eng. STOICA Narcis Florin
Head of Maintenance Development Unit	Eng. BUZATU Dan
Head of Critical Infrastructures Unit	Eng. NECȘULESCU Radu Florentin - up to 15.05.2022
Head of Commercial Unit	Jurist MANOLACHE Dan
Head of the HSE Unit	Eng. MARUSSI Mădălina Mihaela
Head of Communication and Corporate Governance Unit	PATRICHI Bianca Maria

**Chief Engineer:**

Position:	Name and Surname
Investment Development Chief Engineer	Eng. CÎRLAN Florentina – Anca

Table 14 The Executive management in 2022

## 5.4. RELEVANT CORPORATE EVENTS IN 2022

### February 25, 2022

The Ordinary General Meeting of Shareholders approved the Revenues and Expenditure Budget for 2022.

### April 28, 2022

The Ordinary General Meeting of Shareholders approved the Annual Financial Statements at the date and for the financial year ended on 31.12.2021. At the same meeting, the OGMS approved the distribution of the net profit for the financial year 2021 and of some amounts of the retained earnings.

### April 28, 2022

The Extraordinary General Meeting of Shareholders approved the initiation of the procedure regarding the augmentation of the share capital of CONPET S.A. by the value of the land plots related to the 48 land ownership certificates and the amendment of the Articles of Incorporation of the Company "CONPET" S.A.

### May 24, 2022

The Ordinary General Meeting of Shareholders approved the transaction with SNTFM "C.F.R. MARFĂ", having as object the increase of the transport tariff, respectively of the estimated value of the contract.

### August 18, 2022

The General Meeting of Shareholders approved the provisional members of the Board of Directors for a maximum period of 4 months, until December 21, 2022 (inclusive of), with the possibility of extending the mandate by another 2 months.

### September 20 - 21, 2022

The Extraordinary General Meeting of Shareholders was held, in first call, on September 20, 2022 and in the second call, on September 21, 2022, with the agenda: Approval of the augmentation of the share capital of CONPET SA by the maximum value of 129,454,564.80 RON representing contributions in kind (land plots) amounting to 76,010,810.70 RON and cash amounting to max 53,443,754.10 RON, from the current value of 28,569,842.40 RON to a maximum of 158,024,407.20 RON.

The Extraordinary General Meeting of Shareholders has ascertained that neither at first call (September 20<sup>th</sup>), nor at the second (September 21<sup>th</sup>), the presence quorum provided by law

necessary to decide the augmentation of the share capital by contribution in kind defined based on the land ownership certificates has been met.

**October 28, 2022**

The Ordinary General Meeting of Shareholders approved the appointment of PKF Fincota S.R.L. as financial auditor of the company. Also, the Ordinary General Meeting of Shareholders approved the Rectified 2022 Investments Program and the Revenues and Expenditure Budget.

At the same meeting, within the Board of Directors were appointed provisional administrators on the vacant seats, starting 28.10.2022 until 21.12.2022 (inclusive of).

**December 14, 2022**

The Ordinary General Meeting of Shareholders approved the extension of the term of office of the provisional administrators of the company, respectively from 22.12.2022 until 21.02.2023 (inclusive of), or until the completion of the selection procedure provided for in GEO no. 109/2011, on the corporate governance of public enterprises.

## ANNEXES:

**Annex no. 1** Statement of the Financial Standing at December 31<sup>st</sup>, 2022 – preliminary data

**Annex no. 2** Statement of profit or loss and other elements of the global result for the year ended on December 31<sup>st</sup>, 2022 - preliminary data

**Annex no. 3** Cash-flow Statement at December 31<sup>st</sup>, 2022 – preliminary data

**Annex no. 4** Statement of services procurement contracts with values higher than 100,000 Euro, concluded during 01.01.2022 - 31.12.2022

**Annex no. 5** Statement of works and products procurement contracts with values higher than 500,000 Euro, concluded during 01.01.2022 - 31.12.2022

**CHAIRMAN OF THE BOARD OF DIRECTORS**  
**Gheorghe Cristian - Florin**

**Director General**  
**Eng. TUDORA Dorin**

**Deputy Director General**  
**Legal expert DUMITRACHE Mihaela Anamaria**

**Economic Director**  
**Econ. TOADER Sanda**

## Annex no. 1

**STATEMENT OF THE FINANCIAL STANDING ON DECEMBER 31, 2022  
- PRELIMINARY DATA -**

	- RON-	
	December 31 2022 (unaudited)	December 31 2021 (audited)
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible assets	606,815,227	512,823,088
Intangible assets	6,854,793	6,941,740
Financial Assets	2,537,045	411,171
Deferred corporate tax receivables	5,610,538	4,637,485
<b>Total fixed assets</b>	<b>621,817,603</b>	<b>524,813,484</b>
<b>Current assets</b>		
Inventories	6,797,480	5,312,087
Trade receivables and other receivables	49,196,820	48,922,158
Cash and cash equivalents	127,672,452	191,751,271
Prepaid expenses	1,252,288	623,444
<b>Total current assets</b>	<b>184,919,040</b>	<b>246,608,960</b>
<b>TOTAL ASSETS</b>	<b>806,736,643</b>	<b>771,422,444</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equities</b>		
Subscribed and paid-up share capital	28,569,842	28,569,842
Legal reserves	5,713,968	5,713,968
Revaluation reserves	17,101,647	18,360,121
Other reserves	533,895,648	517,047,601
Retained earnings	37,149,214	46,288,764
Result of the year	64,709,093	51,928,770
<b>Total equity</b>	<b>687,139,412</b>	<b>667,909,066</b>
<b>Long-term liabilities</b>		
Long-term trade liabilities	-	1,287,802
Long-term liabilities to employees	19,184,537	16,628,683
Other long-term liabilities	2,749,112	3,458,842
<b>Total long-term liabilities</b>	<b>21,933,649</b>	<b>21,375,327</b>
<b>Current liabilities</b>		
Trade liabilities	43,126,520	32,147,560
Current Income Tax	2,296,591	2,049,325
Other liabilities	27,516,703	27,106,187
Short-term liabilities to employees	14,850,621	12,065,900
Short-term provisions	9,873,147	8,769,079
<b>Total current liabilities</b>	<b>97,663,582</b>	<b>82,138,051</b>
<b>Total liabilities</b>	<b>119,597,231</b>	<b>103,513,378</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>806,736,643</b>	<b>771,422,444</b>

**Annex no. 2**
**STATEMENT OF PROFIT OR LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022**
**- PRELIMINARY DATA-**

	December 31 2022 (unaudited)	- RON- December 31 2021 (audited)
Revenues from contracts	472,232,576	412,786,582
Earnings from disposal of assets	5,786,220	4,914,629
Other revenues	44,420,537	40,684,781
<b>Total operating revenues</b>	<b>522,439,333</b>	<b>458,385,992</b>
Inventories Expenses	6,932,887	5,448,472
Expenses with energy and water	33,338,860	16,552,710
Personnel expenses	180,922,733	168,219,096
Impairments on fixed assets, less impairments related to rights of use resulted from leasing contracts	53,459,609	51,939,320
Impairments for rights of use resulted from leasing contracts	1,986,489	1,672,808
Impairments on current assets	(766,990)	277,838
Expenses related to external services	114,186,505	109,775,835
Provisions-related impairments	3,438,174	(4,143,683)
Other expenses	62,284,350	50,906,821
<b>Total Operating Expenses</b>	<b>455,782,617</b>	<b>400,649,217</b>
<b>Operating Profit</b>	<b>66,656,716</b>	<b>57,736,775</b>
<b>Financial Revenues</b>	<b>9,838,724</b>	<b>3,428,282</b>
Interest expenses related to leasing contracts	236,174	202,065
Other financial expenses	233,103	127,759
<b>Financial Expenses</b>	<b>469,277</b>	<b>329,824</b>
<b>Financial profit</b>	<b>9,369,447</b>	<b>3,098,458</b>
<b>Profit before income tax</b>	<b>76,026,163</b>	<b>60,835,233</b>
Expenses with current income tax	11,985,515	9,155,006
Expenses with (revenues coming from) deferred corporate tax	(668,445)	(248,543)
<b>PROFIT OF THE YEAR</b>	<b>64,709,093</b>	<b>51,928,770</b>
Actuarial Earnings (Loss) from discounted benefits granted upon retirement	(1,599,191)	2,975,347
Other elements of the equities - retained earnings	-	408,156
<b>Total other global result elements that will not be subsequently reclassified as profit or loss</b>	<b>(1,599,191)</b>	<b>3,383,503</b>
Net increase of the modernization quota reserve	17,407,310	9,810,724
<b>Total other global result elements that will not be subsequently reclassified as profit or loss</b>	<b>17,407,310</b>	<b>9,810,724</b>
<b>TOTAL OTHER GLOBAL RESULT ELEMENTS</b>	<b>15,808,119</b>	<b>13,194,227</b>
<b>TOTAL GLOBAL RESULT</b>	<b>80,517,212</b>	<b>65,122,997</b>
<b>Earnings per share</b>	<b>7.47</b>	<b>6.00</b>

**CASH-FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022**  
**- PRELIMINARY DATA-**

(DIRECT METHOD)		- RON-	
	Name of the Item	12 months 2022 (unaudited)	12 months 2021 (audited)
	<b>Cash flows from operating activities:</b>		
+	Proceeds from services supply	509,861,226	441,809,078
+	Proceeds from interests related to banking placements	9,871,618	3,320,322
+	Other proceeds	13,518,902	15,674,772
-	Payments to the suppliers of goods and services	140,569,215	121,740,032
-	Payments to and on behalf of the employees	176,585,009	166,734,770
-	VAT payments	42,221,918	51,157,829
-	Expenses with income tax and specific tax	11,738,249	7,868,902
-	Other payments regarding the operating activities	45,623,034	43,857,072
<b>A</b>	<b>Net cash from operating activity</b>	<b>116,514,321</b>	<b>69,445,567</b>
	<b>Cash flows from investment activities:</b>		
+	Proceeds from sale of tangible assets	303,344	302,162
+	Proceeds from modernization quota	57,321,207	47,490,268
-	Payments for purchase of tangible assets	172,138,320	63,416,908
<b>B</b>	<b>Net cash from investment activity</b>	<b>(114,513,769)</b>	<b>(15,624,478)</b>
	<b>Cash-flows from financing activities:</b>		
-	Paid dividends	62,865,146	57,690,483
-	Payments on the debt related to the leasing	3,015,346	2,430,264
-	Interest payments	198,879	206,404
<b>C</b>	<b>Net cash from financing activities</b>	<b>(66,079,371)</b>	<b>(60,327,151)</b>
	<b>Net increase of the cash and cash equivalents=A+B+C=D2-D1</b>	<b>(64,078,819)</b>	<b>(6,506,062)</b>
<b>D1</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>191,751,271</b>	<b>198,257,333</b>
<b>D2</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>127,672,452</b>	<b>191,751,271</b>

## Annex no. 4

**STATEMENT OF SERVICES PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 100,000 EURO, CONCLUDED  
BETWEEN 01.01.2022– 31.12.2022**

Crt. No.	Name of the Contractor	Scope of the Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Tender notice/invitati on number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
1.	AUTOGAS IMPEX SRL.	Rental services of 15 tank cars suitable and authorized for transport of hydrocarbon gases in liquefied mixture, NSA (Mixture C)	S-CA 36/ 24.02.2022	TENDER	-	2626/ 20.01.2022	947,834.00	947,834.00	24.02.2022	24	24
2.	ASITO KAPITAL SA	Employee health insurance 2022	S-CA 40/ 03.03.2022	TENDER	-	2628/ 20.01.2022	1,473,807.00	1,473,807.00	03.03.2022	12	12
<b>Total QUARTER I - 2 CONTRACTS VALUE QUARTER I = 2,421,641.00 RON</b>											
3.	METROSENZOR	Functional check, repair and metrological verification of electronic weighing systems of the rail tanks	S-CA 165/ 20.06.2022	TENDER	-	15324/ 02.05.2022	515,400.00	515,400.00	20.06.2022	36	36
<b>Total QUARTER II - 1 CONTRACT VALUE QUARTER II = 515,400.00 RON</b>											
4.	RELOC S.A.	Carrying out the planned repair type RG and converting into LDE 700 HP with CA - CA electric transmission of the locomotive LDH 700 HP with circulation number 92530850168-1	S-CA 251/ 19.07.2022	TENDER	-	19337/ 27.05.2022	4,250,000.00	4,250,000.00	17.08.2022	6	6

Crt. No.	Name of the Contractor	Scope of the Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Tender notice/invitation number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
5.	ENVIROTECH S.R.L.	Subsequent contract 2 to Framework Agreement no. S-CA 275/12.08.2021 of restoration services of the geological environment and of the polluted watercourses as a result of the damages produced on the route of the crude oil, rich gas and ethane transport pipelines or in the technological premises of CONPET S.A. Ploiesti, as well as the takeover of soil contaminated with petroleum product/earth with stones contaminated with petroleum product	S-CA 269/27.07.2022	-	-	-	1,738,456.40	1,738,456.40	13.08.2022	12	12
6.	ORANGE ROMANIA SA	Electronic telecommunications services	S-CA 285/22.08.2022	TENDER	-	26439/13.07.2022	1,269,696.00	1,269,696.00	19.09.2022	24	24
<b>Total QUARTER III - 3 CONTRACTS VALUE QUARTER III = 7,258,152.40 RON</b>											
7.	TERMOKLIMA S.R.L.	Check, adjustment and repair of safety valves	S-CA 410/09.11.2022	TENDER	-	35158/19.09.2022	796,080.00	796,080.00	09.11.2022	36	36
<b>Total QUARTER IV - 1 CONTRACT VALUE QUARTER IV = 796,080.00 RON</b>											



Crt. No.	Name of the Contractor	Scope of the Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Tender notice/invitation number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
<b>CUMULATED TOTAL - 7 CONTRACTS</b> <b>CUMULATED VALUE = 10,991,273.40 RON</b>											

**Annex no. 5**
**STATEMENT OF WORKS AND PRODUCTS OF PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 500,000 EURO, CONCLUDED BETWEEN 01.01.2022– 31.12.2022**

Crt. No.	Name of the Contractor	Scope of the Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Tender notice/invitation number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
1.	TESLA POWER SYSTEMS	Tele-transmission and tele-management of the power consumptions in CONPET locations	L-CA 25/14.02.2022	TENDER	-	39994/25.11.2021	2,724,900.72	2,724,900.72	08.03.2022	12	12
<b>TOTAL QUARTER I - 1 CONTRACT</b> <b>VALUE QUARTER I = 2,724,900.72 RON</b>											
<b>TOTAL QUARTER II - 0 CONTRACTS</b> <b>VALUE QUARTER II = 0.00 RON</b>											
2.	TALPAC S.R.L.	Design services for obtaining the Connection Technical Evaluation Report, execution works on connection tariff	L-CA 323/29.02.2022	TENDER	-	27439/21.07.2022	4,606,235.27	4,606,235.27	-	24	24

Crt. No.	Name of the Contractor	Scope of the Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Tender notice/invitation number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
		and modernization works of the crude oil pumping system in Ochiuri Station, Dâmbovița County									
<b>TOTAL QUARTER III - 1 CONTRACT</b> <b>VALUE QUARTER III = 4,606,235.27 RON</b>											
3.	SPEEH HIDROELECTRICA S.A.	Electricity supply contract until 31.12.2023 - Regulated tariff	P-CA 430/ 14.12.2022	TENDER	-	29957/ 09.08.2022	20,300,000.00	20,300,000.00	01.01.2023	12	12
<b>TOTAL QUARTER IV - 1 CONTRACT</b> <b>VALUE QUARTER IV= 20,300,000.00 RON</b>											
<b>CUMULATIVE TOTAL - 3 CONTRACTS</b> <b>CUMULATIVE VALUE = 27,631,135.99 RON</b>											



**CONPET S.A., Romania**  
1-3 Anul 1848 Street, Ploiești 100559, Prahova  
Tel: +40-244-401360; fax: +40-244-516451  
TIN: RO 1350020; NACE Code 4950; CRN J29/6/22.01.1991  
Subscribed and paid-up share capital 28 569 842.40 RON

**PRELIMINARY FINANCIAL STATEMENTS**  
**on the date and for the financial year ended**  
**December 31<sup>st</sup>, 2022**

Drawn up based on the accounting regulations in accordance with the International Financial Reporting Standards approved by the Order of the Ministry of Public Finance no. 2844/2016



## CONTENTS

## PAGE

### **Preliminary financial statements on December 31<sup>st</sup>, 2022**

Statement of the financial standing	3
Statement of the global result	4
Statement of the changes in shareholders' equity	5-6
Cash-flow Statement	7
Explanatory notes to the financial statements	8 – 12

The company CONPET S.A.

Statement of the Financial Standing on December 31<sup>st</sup>, 2022 – preliminary data

**STATEMENT OF THE FINANCIAL STANDING ON DECEMBER 31<sup>st</sup>, 2022 – PRELIMINARY DATA**

- RON-			
Name	Note:	December 31 <sup>st</sup> , 2022 (unaudited)	December 31 <sup>st</sup> , 2021 (audited)
<b>ASSETS</b>			
<b>Intangible assets</b>			
Tangible assets		606,815,227	512,823,088
Intangible assets		6,854,793	6,941,740
Financial Assets		2,537,045	411,171
Deferred income tax assets		5,610,538	4,637,485
<b>Total non-current assets</b>	<b>4</b>	<b>621,817,603</b>	<b>524,813,484</b>
<b>Current assets</b>			
Inventories		6,797,480	5,312,087
Trade receivables and other receivables		49,196,820	48,922,158
Cash and cash equivalents		127,672,452	191,751,271
Prepaid expenses		1,252,288	623,444
<b>Total current assets</b>	<b>5</b>	<b>184,919,040</b>	<b>246,608,960</b>
<b>TOTAL ASSETS</b>		<b>806,736,643</b>	<b>771,422,444</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equities</b>			
Subscribed and paid-up share capital		28,569,842	28,569,842
Legal reserves		5,713,968	5,713,968
Revaluation reserves		17,101,647	18,360,121
Other reserves		533,895,648	517,047,601
Retained earnings		37,149,214	46,288,764
Result of the period		64,709,093	51,928,770
<b>Total equity</b>	<b>6</b>	<b>687,139,412</b>	<b>667,909,066</b>
<b>Long-term liabilities</b>			
Long-term trade liabilities		-	1,287,802
Long-term liabilities to employees		19,184,537	16,628,683
Other long-term liabilities		2,749,112	3,458,842
<b>Total long-term liabilities</b>	<b>7</b>	<b>21,933,649</b>	<b>21,375,327</b>
<b>Current liabilities</b>			
Trade liabilities		43,126,520	32,147,560
Current income tax		2,296,591	2,049,325
Other liabilities		27,516,703	27,106,187
Short-term liabilities to employees		14,850,621	12,065,900

The company CONPET S.A.

Statement of the Financial Standing on December 31<sup>st</sup>, 2022 – preliminary data

Short-term provisions		9,873,147	8,769,079
<b>Total current liabilities</b>	<b>7</b>	<b>97,663,582</b>	<b>82,138,051</b>
<b>Total liabilities</b>		<b>119,597,231</b>	<b>103,513,378</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>		<b>806,736,643</b>	<b>771,422,444</b>

These financial statements and the related notes, from page 1 to page 12, have been authorized for issue and signed by the company management on February 27th, 2023.

**Director General,**  
**Eng. Dorin Tudora**

**Economic Director,**  
**Econ. Sanda Toader**

The company CONPET S.A.

Statement on Profit or Loss and Other Elements of the Global Results for the Financial Year ended on December 31<sup>st</sup>, 2022 – preliminary data

**STATEMENT ON PROFIT OR LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31<sup>st</sup>, 2022 – PRELIMINARY DATA**

- RON-			
Name	Note:	December 31 <sup>st</sup> , 2022 (unaudited)	December 31 <sup>st</sup> , 2021 (audited)
Revenues from contracts		472,232,576	412,786,582
Earnings from disposal of assets		5,786,220	4,914,629
Other revenues		44,420,537	40,684,781
<b>Total Operating revenues</b>	<b>8</b>	<b>522,439,333</b>	<b>458,385,992</b>
Inventories Expenses		6,932,887	5,448,472
Expenses with energy and water		33,338,860	16,552,710
Personnel expenses		180,922,733	168,219,096
Impairments on fixed assets, less impairments related to rights of use resulted from leasing contracts		53,459,609	51,939,320
Impairments for rights of use resulted from leasing contracts		1,986,489	1,672,808
Impairments on current assets		(766,990)	277,838
Expenses related to external services		114,186,505	109,775,835
Provision adjustments		3,438,174	(4,143,683)
Other expenses		62,284,350	50,906,821
<b>Total Operating Expenses</b>	<b>9</b>	<b>455,782,617</b>	<b>400,649,217</b>
<b>Operating Profit</b>		<b>66,656,716</b>	<b>57,736,775</b>
<b>Financial Revenues</b>		<b>9,838,724</b>	<b>3,428,282</b>
Interest expenses related to leasing contracts		236,174	202,065
Other financial expenses		233,103	127,759
<b>Financial Expenses</b>		<b>469,277</b>	<b>329,824</b>
<b>Financial profit</b>		<b>9,369,447</b>	<b>3,098,458</b>
<b>Profit before income tax</b>		<b>76,026,163</b>	<b>60,835,233</b>
Expenses with current income tax		11,985,515	9,155,006
Expenses with (revenues coming from) deferred income tax		(668,445)	(248,543)
<b>PROFIT OF THE YEAR</b>		<b>64,709,093</b>	<b>51,928,770</b>
Actuarial earnings (loss) from discounted benefits granted upon retirement		(1,599,191)	2,975,347
Other elements of the equities - retained earnings		-	408,156
<b>Total other global result elements that will not be subsequently reclassified as profit or loss</b>		<b>(1,599,191)</b>	<b>3,383,503</b>
Net increase of the modernization quota reserve		17,407,310	9,810,724

The company CONPET S.A.

Statement on Profit or Loss and Other Elements of the Global Results for the Financial Year ended on December 31<sup>st</sup>, 2022 – preliminary data

<i>Total other global result elements that will not be subsequently reclassified as profit or loss</i>		<i>17,407,310</i>	<i>9,810,724</i>
Total other global result elements		15,808,119	13,194,227
<b>TOTAL GLOBAL RESULT</b>		<b>80,517,212</b>	<b>65,122,997</b>
Earnings per share		7.47	6.00

These financial statements and the related notes, from page 1 to page 12, have been authorized for issue and signed by the company management on February 27<sup>th</sup>, 2023.

**Director General,  
Eng. Dorin Tudora**

**Economic Director,  
Econ. Sanda Toader**



**STATEMENT OF CHANGES IN SHAREHOLDERS'S EQUITY ON DECEMBER 31<sup>st</sup>, 2022**  
**(UNAUDITED)– PRELIMINARY DATA**

							- RON-
Name	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	Total equity
<b>Balance on January 1<sup>st</sup>, 2022</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>18,360,121</b>	<b>517,047,601</b>	<b>46,288,764</b>	<b>51,928,770</b>	<b>667,909,066</b>
<b>Net result of the year</b>	-	-	-	-	-	<b>64,709,093</b>	<b>64,709,093</b>
Actuarial loss of the year					(1,599,191)		(1,599,191)
Surplus from revaluation	-	-	(1,258,474)	-	1,258,474	-	-
Retained earnings coming from the adoption, for the first time, of IAS 19 - loss of profit	-	-	-	-	(1,339,957)	-	(1,339,957)
Retained earnings coming from the adoption for the first time of IAS 29 - achieved earnings	-	-	-	-	1,339,957	-	1,339,957
Allocation of profit provided by law - exemption of reinvested profits	-	-	-	3,152,695	(1,668,015)	(1,484,680)	-
Net increase of the modernization quota reserve	-	-	-	17,407,310	-	-	17,407,310
<b>Total other global result elements</b>	-	-	<b>(1,258,474)</b>	<b>20,560,005</b>	<b>(2,008,732)</b>	<b>(1,484,680)</b>	<b>15,808,119</b>
<b>Total global revenues related to the year</b>	-	-	<b>(1,258,474)</b>	<b>20,560,005</b>	<b>(2,008,732)</b>	<b>63,224,413</b>	<b>80,517,212</b>
Dividends due to shareholders				(5,482,940)	(7,130,819)	(50,444,090)	(63,057,849)
Prescribed distributions				1,770,982			1,770,982
<b>Total transactions with the owners directly recognized in equities</b>				<b>(3,711,958)</b>	<b>(7,130,819)</b>	<b>(50,444,090)</b>	<b>(61,286,867)</b>
<b>Balance on December 31<sup>st</sup>, 2022</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>17,101,647</b>	<b>533,895,648</b>	<b>37,149,214</b>	<b>64,709,093</b>	<b>687,139,412</b>

**INTERIM STATEMENT OF THE CHANGES IN EQUITIES ON DECEMBER 31<sup>st</sup>, 2021 (AUDITED)**

							- RON-
Name	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	Total equity
<b>Balance on January 1<sup>st</sup>, 2021</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>20,931,765</b>	<b>500,269,257</b>	<b>40,678,977</b>	<b>60,846,759</b>	<b>657,010,568</b>
<b>Net result of the year</b>	-	-	-	-	-	<b>51,928,770</b>	<b>51,928,770</b>
Actuarial gain of the year	-	-	-	-	2,975,347	-	2,975,347
Surplus from revaluation	-	-	(2,571,644)	-	2,571,644	-	-
Other elements of the equities - retained earnings	-	-	-	-	408,156	-	408,156
Retained earnings coming from the adoption, for the first time, of IAS 19 - loss of profit	-	-	-	-	(1,175,672)	-	(1,175,672)
Retained earnings coming from the adoption for the first time of IAS 29 - achieved earnings	-	-	-	-	1,175,672	-	1,175,672
Allocation of profit provided by law - exemption of reinvested profits	-	-	-	1,484,680	47,138	(1,531,818)	-
Net increase of the modernization quota reserve	-	-	-	9,810,724	-	-	9,810,724
<b>Total other global result elements</b>	-	-	<b>(2,571,644)</b>	<b>11,295,404</b>	<b>6,002,285</b>	<b>(1,531,818)</b>	<b>13,194,227</b>
<b>Total global revenues related to the period</b>	-	-	<b>(2,571,644)</b>	<b>11,295,404</b>	<b>6,002,285</b>	<b>50,396,952</b>	<b>65,122,997</b>
Dividends due to shareholders	-	-	-	-	(392,498)	(59,314,941)	(59,707,439)
Prescribed distributions	-	-	-	5,482,940	-	-	5,482,940
<b>Total transactions with the owners directly recognized in equities</b>	-	-	-	<b>5,482,940</b>	<b>(392,498)</b>	<b>(59,314,941)</b>	<b>(54,224,499)</b>
<b>Balance on December 31<sup>st</sup>, 2021</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>18,360,121</b>	<b>517,047,601</b>	<b>46,288,764</b>	<b>51,928,770</b>	<b>667,909,066</b>

*Note: The position „Other reserves” also includes the reserve representing the modernization quota in amount of 488,339,170 RON on 31.12.2022, namely 470,931,860 RON on 01.01.2022. This reserve has a special regime, provided in GD no. 168/1998, exclusively destined to the financing of the modernization works and development works related to the goods belonging to the public domain. The modernization quota is being collected at the extent of capitalization and proceeds of the production and is being reflected in reserves accounts, on account of the expenses. On a monthly basis, the modernization quota reserve is added to the revenues at the level of depreciation of the fix assets financed out of this source.*

The company CONPET S.A.

These interim financial statements and the related notes, from page 1 to page 12, have been authorized for issue and signed by the company management on February 27<sup>th</sup>, 2023.

**Director General,  
Eng. Dorin Tudora**

**Economic Director,  
Econ. Sanda Toader**

The company CONPET S.A.

Cash – flow statement for the year ended on December 31<sup>st</sup>, 2022 - preliminary data

## CASH-FLOW STATEMENT FOR THE YEAR ENDED ON DECEMBER 31<sup>st</sup>, 2022 – PRELIMINARY DATA

### (DIRECT METHOD)

- RON-			
	Name of the Item	12 months, 2022 (unaudited)	12 months, 2021 (audited)
	<b>Cash flows from operating activities:</b>		
+	Proceeds from services supply	509,861,226	441,809,078
+	Proceeds from interests related to banking placements	9,871,618	3,320,322
+	Other proceeds	13,518,902	15,674,772
-	Payments to the suppliers of goods and services	140,569,215	121,740,032
-	Payments to and on behalf of the employees	176,585,009	166,734,770
-	VAT Payments	42,221,918	51,157,829
-	Expenses with corporate tax and specific tax	11,738,249	7,868,902
-	Other payments regarding the operating activities	45,623,034	43,857,072
<b>A</b>	<b>Net cash from operating activity</b>	<b>116,514,321</b>	<b>69,445,567</b>
	<b>Cash flows from investment activities:</b>		
+	Proceeds from sale of tangible assets	303,344	302,162
+	Proceeds from modernization quota	57,321,207	47,490,268
-	Payments for purchase of tangible assets	172,138,320	63,416,908
<b>B</b>	<b>Net cash from investing activity</b>	<b>(114,513,769)</b>	<b>(15,624,478)</b>
	<b>Cash-flows from financing activities</b>		
-	Paid Dividends	62,865,146	57,690,483
-	Payments on the debt related to the leasing	3,015,346	2,430,264
-	Interest payments	198,879	206,404
<b>C</b>	<b>Net cash from financing activities</b>	<b>(66,079,371)</b>	<b>(60,327,151)</b>
	<b>Net increase of the cash and cash equivalents=A+B+C=D2-D1</b>	<b>(64,078,819)</b>	<b>(6,506,062)</b>
<b>D1</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>191,751,271</b>	<b>198,257,333</b>
<b>D2</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>127,672,452</b>	<b>191,751,271</b>

These financial statements and the related notes, from page 1 to page 12, have been authorized for issue and signed by the company management on February 27<sup>th</sup>, 2023.

**Director General,**  
**Eng. Dorin Tudora**

**Economic Director,**  
**Econ. Sanda Toader**

## **1. Business Description and General Information**

The company "CONPET" S.A. ("the Company") is a joint-stock company, with a unitary system administration, as per Law no. 31/1990 on the companies, republished, subsequent amendments, registered at the Prahova Trade Registry under no. J29/6/1991, and the Financial Supervisory Authority by the registration certificate no. 7227/1997.

Address of the registered offices is Ploiesti Municipality, No. 1-3, Anul1848 Street, Prahova County.

CONPET S.A. is the concessionaire of the crude oil, rich gas, condensate and ethane National Transport System, capacity acquired, in 2002, following the conclusion with the National Agency of Mineral Resources, the competent authority representing the State's interests in the oil resources sector, of an Oil Concession Agreement, approved by GD no.793/25.07.2002.

CONPET shares have been traded on the Bucharest Stock Exchange (BVB) market, under "COTE" issuing symbol.

The company CONPET S.A. is included in 7 out of the total of 9 stock indices, respectively in **BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG and BET Plus**. Concurrently, starting March 21, 2022 the company CONPET S.A. has been part of the FTSE Global Micro Cap index composition dedicated to emerging countries.

On 31.12.2022, CONPET S.A. had a market capitalization of 587 million RON (118.64 million Euro), ranking 29 in Top 100 issuers according to capitalization.

### *Company's Set-up*

CONPET is set up based on GD no. 1213/20.11.1990 regarding the set-up of the joint stock commercial companies in the industry, pursuant to Law no.15/1990 regarding the reorganization of the public economic units as autonomous administrations and joint stock companies, by taking over all assets and liabilities of the former Crude Oil Pipeline Transport Enterprise (Rom.I.T.T.C.).

The shareholders structure and number of voting rights at 31.12.2022 is the following:

- a) The Romanian State by the Ministry of Energy holding 5,083,372 shares with voting rights, representing 58.72% of the share capital,
- b) legal persons holding 1,910,238 shares with voting rights representing 22.06% of the share capital, and
- c) natural persons holding 1,663,918 shares with voting rights representing 19.22% of the share capital.

### *Company's Mission*

CONPET's mission is the operation of the National Transport System via Pipelines under safe and secure conditions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

### *Other Information on the Company's Business*

As per the Articles of Incorporation, the company's core business is the transport of crude oil, rich gas, ethane and condensate via pipelines aiming at supplying the refineries with crude oil and derivatives out of domestic production, as well as with imported crude oil (NACE code 4950- "transports via pipelines").

CONPET supplies transport services for its clients both via the National Transport System concessioned based on the Oil Concession Agreement of the National Transport System of Crude

Oil, Rich Gas, Condensate and Ethane via pipelines, as well as by rail, from the loading ramps to the refineries, for the oil areas not connected to the major transport pipelines.

The crude oil National Transport System represents the ensemble of the major interconnected pipelines ensuring the collection of the oil extracted from the exploitation areas or of the imported, from the delivery sites to the processing units.

CONPET, as Concessionaire of the crude oil National Transport System entitles as common carrier and the obligation to provide, as per the legal provisions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

The crude oil National Transport System belongs to the Romanian State public domain and is being administered by NAMR (as per the Oil Law provisions). It comprises a pipeline system of approx. 3,800 km and a transport throughput of 18.5 million tons/year.

### *The Legal Environment*

The activity in the oil sector is being regulated by the Oil Law no. 238/2004.

The National Agency for Mineral Resources (NAMR) represents the interests of the State in oil resources domain and is the competent authority authorized to apply the dispositions of Law 238/2004. As per the Oil Law, the National Agency for Mineral Resources entitles as Concession Provider of the goods belonging to the public domain, concessioned to the operators acting in the oil industry.

The main responsibilities of NAMR are the followings:

- negotiates and concludes, on behalf of the State, oil agreements;
- awards mining concession licenses and exploitation permits;
- issues regulating acts, norms, instructions, orders and rules;
- controls the compliance, by the holders of the concession agreements with the concession licenses and exploitation permits conditions;
- manages the Crude Oil and Natural Gas National Pipeline Transport Systems and regulates the exploitation activities thereof by system's concession agreements concluded;
- annuls the concession/administration acts;
- approves the tariffs and the frame-contract for the transport of crude oil, rich gas, condensate and ethane.

### *The tariff for the supply of the transport service via the National Transport System of crude oil, rich gas, condensate and ethane*

The transport tariff stands for the exchange value of the transport service supplied by the holder of the oil concession, as common carrier for the transport, via the crude oil National Transport System, of an oil ton along the oil take-over sites from the domestic producers or import and the delivery sites to the refineries.

The company practices different transport tariffs for the two subsystems belonging to the National Transport System, namely the subsystem for the transport of the crude oil, rich gas, condensate and ethane from the domestic production and the subsystem for the transport of the imported crude oil. For the transport on the import subsystem are being settled tariffs per refineries and per transported quantity installments, being applied the bracket tariff model.

The transport tariffs are being established in accordance with NAMR Order no.53/2008 for the approval of the guidelines regarding the criteria, methodology and settlement procedure of the

regulated for the transport via the National Transport System and are being approved by NAMR as competent authority.

The transport tariffs are determined by the value of transport allocation of the amount of oil transported to the beneficiaries, using a methodology based on the determination of the cost of service, defined as all the revenue required to cover the transportation system operations, including:

- the operating cost, including: material expenses, personnel expenses, pipeline maintenance expenses, expenses with energy, costs related to the amortization of the fixed assets, the royalty and other taxes applicable to the transporter, expenses related to the provision of pipeline guard, amounts owed to landowners, other expenses, etc.;
- the modernization and development quota;
- the reasonable profit margin.

## **2. Preparation Grounds**

### **(a) Declaration of Conformity**

These preliminary financial statements have been prepared pursuant to the Order of the Minister of Public Finances no. 2844/2016, for the approval of the accounting regulations compliant with the International Financial Reporting Standards (“IFRS”) (OMPF 2844/2016”).

These preliminary financial situations do not include all the necessary information in order to provide a complete set of financial statements in compliance with the International Financial Reporting Standards and must be read together with the annual financial statements of the Company, prepared on December 31, 2021. Nevertheless, certain selected explanatory notes have been included in order to explain the events and transactions significant for the understanding of the changes occurred in the financial standing and company performance since the last annual financial statements on the date and for the financial year ended December 31<sup>st</sup>, 2021.

The preliminary financial statements are not being audited and have not been revised by an independent auditor.

These preliminary financial statements have been authorized for issue and signed by the company management on February 27th, 2023.

### **(b) Accounting Estimates and Professional Reasoning**

The preparation of the financial statements implies the use, by the Company management, of estimates, professional reasoning and hypotheses affecting the reported value related to assets, liabilities, revenues and expenses. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including predictions of future events that are believed to be reasonable under certain circumstances. The results of these estimates set the grounds for the professional reasonings regarding the accounting value of the assets and liabilities that cannot be obtained from other information sources. The actual results may be different from the estimated values.

The significant reasoning used by the management for the application of the Company's accounting policies and the main sources of uncertainty regarding the estimates have been the same with those applied to the financial statements related to 2021.

## **3. Accounting Policies**

The accounting policies applied in these interim financial statements are the same with those applied in the financial statements of the Company on the date and for the financial period ended on December 31<sup>st</sup>, 2021, save for the adoption of new standards effective from January 1<sup>st</sup>, 2022.

#### **4. Fixed assets**

The fixed assets have increased by 18.5% by the end of December 2022 compared to December 31st, 2021 (621.8 million RON to 524.8 million RON), mainly due to achieving a higher investment volume recorded depreciation.

Within the fixed assets, the operating oil product is also recognized, which recorded a decrease of 3.3% by the end of December 2022 compared to December 31<sup>st</sup>, 2020 (39.5 mRON compared to 40.9 mRON) as a result of the sale, during the year 2022, of a quantity worth 1.4 mRON to OMV Petrom S.A. The oil product is determined at the cost of re-evaluation performed according to the GD no.26 from January 22<sup>nd</sup>1992, restated by applying IAS 29, "Financial reporting in hyperinflationary economies".

#### **5. Current assets**

##### ***Trade receivables and other receivables***

On December 31<sup>st</sup>, 2022 and December 31<sup>st</sup>, 2021 the trade receivables and other receivables are the followings:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Trade receivables	46,488,671	44,148,747
Other receivables	2,708,149	4,773,411
<b>Total receivables</b>	<b>49,196,820</b>	<b>48,922,158</b>

Over 79% of the total short-term receivables on December 31<sup>st</sup>, 2022 represent the consideration of the services to be collected from the main client of the Company, OMV PETROM S.A., in amount of 39.1 mRON.

##### ***Cash and cash equivalents***

Cash and cash equivalents on December 31,2022 are decreasing by 33.4% (61.4 mRON) as compared to December 31, 2021, due to the increase of cash outputs for the investment activity (the increase of the investments related to the public domain, financed out of the modernization quota).

#### **6. Equities**

The equities have recorded a value higher by 2.9% on December 31,2022, as compared to December 31, 2021 (687.1 mRON, compared to 667,9 mRON), particularly following the increase of the reserve representing the modernization quota and the registration of a result of the financial year higher than that of the previous year.

##### ***Share capital***

During the reporting period, the share capital of the company has not changed, remaining at the value of 28,569,842 RON, divided into 8,657,528 ordinary shares with a nominal value of 3.3 RON/share and corresponding to the one registered at the Trade Register Office.

##### ***Other reserves***

On December 31<sup>st</sup>, 2022, the value of other reserves recorded an increase by 3.3% compared to December 31<sup>st</sup>, 2021 (533.9 mRON compared to 517 mRON).



The reserve related to the modernization quota is in amount of 488.3 mRON and holds the highest share in the total of other reserves (91.5%).

### ***Retained earnings***

On December 31<sup>st</sup>, 2022, a major share in the Retained earnings is hold by the earnings derived from the first adoption of IAS 29 related to fixed assets representing oil operating product, recognized in tangible assets: 40.6 mRON

### ***Profit of the Period***

The profit of the period has recorded an increase of 24.6% compared to December 31<sup>st</sup>, 2021 (64.7 mRON compared to 51.9 mRON).

## **7. Liabilities**

### ***Long-term liabilities***

Short-term liabilities increased by 2.6% by the end of December 2022 compared to December 31<sup>st</sup>, 2021 (21.9 mRON to 21.4 mRON), mainly due to the increase in the long-term provisions.

### ***Short-term liabilities***

Short-term liabilities increased by 18.9% at the end of December 2022 compared to December 31<sup>st</sup>, 2021 (97.7 mRON to 82.1 mRON), mainly due to the increase in the commercial debts.

## **8. Revenues**

Company revenues are achieved, mainly, from transport services via the National Transport System of crude oil and by railway.

### ***Operating Revenues***

The operating revenues register a 14% higher value in 2022 compared to 2021 (522.4 mRON compared to 458.4mRON).

## **9. Expenditures**

Operating expenses have accounted for 97.5% of total expenses and increased by 13.8% in 2022 compared to 2021 (455.8 million RON as compared to 400.6 million RON), under the level of the revenues increase index.

## **10. Subsequent events and other mentions**

There have been not registered significant events ulterior to the conclusion of the financial year.

These financial statements and the related notes, from page 1 to page 12, have been authorized for issue and signed by the company management on February 27<sup>th</sup>, 2023.

**Director General,  
Eng. Dorin Tudora**

**Economic Director,  
Econ. Sanda Toader**